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FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 2621
INFO RUEHAC/AMEMBASSY ASUNCION 6583
RUEHBO/AMEMBASSY BOGOTA 3901
RUEHBR/AMEMBASSY BRASILIA 7792
RUEHBU/AMEMBASSY BUENOS AIRES 5036
RUEHCV/AMEMBASSY CARACAS 2268
RUEHPE/AMEMBASSY LIMA 2372
RUEHMD/AMEMBASSY MADRID 3339
RUEHMN/AMEMBASSY MONTEVIDEO 4439
RUEHQT/AMEMBASSY QUITO 4913
RUEHSG/AMEMBASSY SANTIAGO 9503
RUEHUB/USINT HAVANA 0173
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUMIAAA/USCINCSO MIAMI FL
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC
RUEANHA/FAA NATIONAL HQ WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 000527

SIPDIS

SENSITIVE
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STATE FOR WHA/AND LPETRONI
STATE PASS TO DOT FOR CCOLDREN AND BHEDBERG
STATE PASS TO FAA FOR CCAPESTANY AND KBERQUIST
COMMERCE FOR EALFORD AND JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A
TAGS: [EAIR](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)
SUBJECT: GOB AUTHORIZES JET FUEL IMPORTS

REF: LA PAZ 412

¶1. (U) In a February 16 supreme decree, the GOB authorized the importation of jet fuel, empowering YPFB, the state-owned oil company, to import enough fuel to meet domestic demand. The decree will presumably end fuel shortages dating from late 2006, when demand generated by increased carrier traffic began to outpace domestic refineries' production and supply capacity.

¶2. (U) American Airlines Country Manager Drago Komadina told Econoff February 27 that he expected the decree to help ensure regular fuel supplies and minimize flight disruptions. February fuel shortages caused the carrier to cancel nine flights and delay two others, resulting in millions of dollars of lost revenues and severely damaging the carrier's reputation. According to Komadina, the shortages worsened at a particularly bad time, as the days preceding the annual Carnival holiday are generally among the carrier's busiest.

¶3. (SBU) Comment: It remains unclear when the GOB will start to import fuel, but Komadina has received assurances of steady supplies and expects to continue American's twice-daily flights indefinitely. The Ambassador and DCM repeatedly raised the issue with Vice President Garcia Linera and other GOB officials (reftel) and will provide additional advocacy assistance as needed. End comment.

URS